



# The New Fifth Edition of CREDITS and COLLECTIONS

by RICHARD P. ETTINGER, Chairman of the Board,  
Prentice-Hall, Inc., and DAVID E. GOLIEB, Chairman  
of the Board, J. A. Deknatel & Son, Inc.

## AUTOMATION AND THE CREDIT OFFICE

For the first time in any credits and collections book, this new chapter describes the advantages of using office machine systems to achieve accuracy, economy and speed.

It covers: Data processing systems -- Programming -- The unit record system at work in the credit department -- How the A/R cards are produced -- Outlook for the future -- The use of binary arithmetic.

It illustrates: Multi-purpose systems -- Derivation of A/R file -- Step-by-step development of A/R file -- Applying payment -- Posting to individual ledgers -- Special A/R cards -- Statements from A/R cards -- Punched card A/R control -- Credit history cards -- Aged-trial balance.

## OUTLINE OF CONTENTS

1. **CREDIT IN BUSINESS:** Credit and the Business Cycle. The Federal Reserve System's Control of Credit.
2. **DETERMINING THE CREDIT RISK:** Company Policy on Credit.
3. **CLASSES OF CREDIT:** Retail Credit. Personal Loan Credit. Mercantile Credit. Commercial Banking Credit. Investment Credit. Open Market Credit. Agricultural Credit. Government Credit. Export Credit.
4. **CREDIT INSTRUMENTS AND COLLATERAL:** Negotiable Instruments. Promises to Pay. Orders to Pay. Collateral.
5. **CONSUMER CREDIT-INSTALLMENT SALES AND PERSONAL LOANS:** Installment Sales Credit Terms. Undersirable Risks. Installment Credit Limits. Loans to Small Businessmen. Security Instruments.
6. **CONSUMER CREDIT-RETAIL CREDIT PLANS:** Charge Accounts. Revolving Credit Plans. Analysis of Retail Credit Risks. Account and Order Limits. Change in Credit Status of Customers.
7. **SOURCES OF CONSUMER CREDIT INFORMATION:** Advantages of the Personal Interview. Investigating the Applicant. Getting

(continued over)

- Credit Reports from Bureaus. Other Services offered by Retail Credit Bureaus.
8. **MERCANTILE CREDIT TERMS:** Prepayment Terms. Cash Terms. Consignment Terms. Field Warehousing. Dating. Anticipation. Advantages of Cash Discounts.
  9. **SOURCES OF CREDIT INFORMATION-GENERAL MERCANTILE AGENCY:** Dun & Bradstreet Ratings. When to Order a Dun & Bradstreet Report. How to Read a Dun & Bradstreet Report.
  10. **SOURCES OF MERCANTILE CREDIT INFORMATION-SPECIAL AGENCIES & CREDIT INTERCHANGE:** The Use of Credit Interchange. Procedure in Direct Ledger Interchange by Individuals. Procedure for Trade Group Interchange. Credit Interchange Bureaus. What the Inquiring Member Receives. Analysis of Credit Interchange Reports.
  11. **MISCELLANEOUS SOURCES OF MERCANTILE CREDIT INFORMATION:** When to use Salesmen as Credit Reporters. Information that Salesmen Can Get. How to Get the Cooperation of the Salesmen. Value of Attorneys as Credit Reporters. Information that may be Obtained from Banks. Accountants as Credit Reporters. Personal Interview.
  12. **THE FINANCIAL STATEMENT:** How Financial Statements are Obtained. When to Ask for Financial Statements. Reasons for Getting Financial Statements Directly from Customer. The Balance Sheet vs the Income Statement
  13. **ANALYSIS OF ITEMS IN FINANCIAL STATEMENTS:** Place of Current Assets and Liabilities in Credit Analysis. Finding the Average Age of Accounts Receivable. "Acid Test" and "Quick Ratio" Techniques.
  14. **TECHNIQUES OF FINANCIAL ANALYSIS:** Comparative Ratio Analysis. Trend Analysis. Use of Ratios in Trend Analysis. "Where-Got-Where-Gone" Analysis.
  15. **INFORMATION SUPPLEMENTARY TO FINANCIAL STATEMENTS:** Insurance. Assets. Liabilities. Miscellaneous Items.
  16. **MERCANTILE CREDIT LIMITS:** Establishing Credit Limits for New Accounts. Credit Investigations. Informing Customers of Credit Limits. When Customers Exceed Limits. When to Revise Credit Limits.
  17. **COLLECTION METHODS AND PROCEDURES:** Systems for Watching Accounts. The Three Stages of Collection. The Reminder Stage Techniques. The Follow-Up Stage Techniques. The Drastic Stage Techniques. Salesmen as Collectors.
  18. **WRITING CREDIT AND COLLECTION LETTERS:** Letters for Granting or Refusing Credit. Reminder Letters. Follow-Up Letters. Appeal Letters. Drastic Action Letters. Series of Form Collection Letters.
  19. **CREDITORS' RIGHTS AND REMEDIES:** Keeping or Recovering Possession of Goods. Suing to Collect an Account. Arrangements for Out-of-Court Settlements. When to Grant an Extension. When to Agree to Composition.
  20. **CREDITORS' RIGHTS AND REMEDIES UNDER THE NATIONAL BANKRUPTCY ACT:** Petition in Bankruptcy. Voluntary Arrangements. Corporate Reorganization.
  21. **EXPORT CREDIT:** Problems of Foreign Trade Affecting Credit. Export Credit Terms. Sources of Foreign Credit Information. Insuring Export Credit Sales.
  22. **CREDIT INSURANCE:** Cost of Credit Insurance. Adjustment of Loss and Settlement of Claims. Insurance Advantages.
  23. **THE CREDIT MAN AND HIS OFFICE:** What the Credit Man Should Know. Personnel. Mercantile Credit Office Systems. The Retail Credit Office. Credit Information on New Accounts. Authorization File.

Send for your free examination copy today!

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Prentice-Hall, Inc.

New Jersey

*Announcing*

# The New Fifth Edition of CREDITS and COLLECTIONS

by Richard P. Ettinger and David E. Golieb



Dear Sir:

Bringing the credit manager abreast of new developments and trends in credits and collections, the new 5th Edition of this all-time best seller is now coming off the press.

But the main reason we are calling your attention to the brand new 5th Edition is because it now offers what is undoubtedly the best coverage of Credit Office Automation on the market.

Especially prepared for this new edition by experts at the New York Credit and Financial Management Association, it shows how you can integrate mechanized devices into your credit and collection procedures to capitalize on their accuracy, economy and speed.

It shows how you can use high-speed automated credit systems to cut costs, eliminate costly errors, speed processing of big work volumes, and turn your rush periods into simple routines.

Among its many features, the new 5th Edition also shows:

1. How to adopt progressive credit policies to turn marginal credit risks into prompt paying accounts.
2. How to apply cash discounts that induce early payment by customers and provide you with more ready cash.
3. How to use salesmen as your most valuable source of credit information without taxing their selling power.
4. How to take advantage of little known information sources to minimize credit risks.
5. How to set up "credit indicators" that warn you when changes in your accounts' credit status could mean a staggering loss.

But these are just a few of the many reasons why the new 5th Edition of CREDITS and COLLECTIONS is of vital importance to you in developing more profitable, up-to-date credit and collection methods.

We invite you to see and use the new 5th Edition of CREDITS and COLLECTIONS for fifteen days free. If you decide to keep it, mail us your check for only \$11.95, plus postage and tax where applicable. Otherwise return the book and owe nothing. To receive your free-examination copy promptly, mail the enclosed Request Card today.

Sincerely yours,

*Robert Spencer*

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PRENTICE-HALL, INC.